

House File 2451

H-8161

1 Amend House File 2451 as follows:

2 1. Page 1, before line 1 by inserting:

3 <Section 1. Section 8.57, subsection 5, Code 2016,  
4 is amended by adding the following new paragraph:

5 NEW PARAGRAPH. *Oh.* (1) Notwithstanding paragraph  
6 "c" of this subsection, there is appropriated from the  
7 rebuild Iowa infrastructure fund to the water quality  
8 infrastructure fund created in section 8.57B the  
9 following amounts:

10 (a) For the fiscal year beginning July 1, 2016, and  
11 ending June 30, 2017, five million dollars.

12 (b) For the fiscal year beginning July 1, 2017, and  
13 ending June 30, 2018, six million five hundred thousand  
14 dollars.

15 (c) For the fiscal year beginning July 1, 2018,  
16 and ending June 30, 2019, eleven million five hundred  
17 thousand dollars.

18 (d) For the fiscal year beginning July 1, 2019,  
19 and ending June 30, 2020, sixteen million five hundred  
20 thousand dollars.

21 (e) For the fiscal year beginning July 1, 2020,  
22 and ending June 30, 2021, sixteen million five hundred  
23 thousand dollars.

24 (f) For the fiscal year beginning July 1, 2021, and  
25 ending June 30, 2022, twenty-two million dollars.

26 (g) For the fiscal year beginning July 1, 2022, and  
27 ending June 30, 2023, twenty-two million dollars.

28 (h) For the fiscal year beginning July 1, 2023, and  
29 ending June 30, 2024, twenty-two million dollars.

30 (i) For the fiscal year beginning July 1, 2024, and  
31 ending June 30, 2025, twenty-two million dollars.

32 (j) For the fiscal year beginning July 1, 2025, and  
33 ending June 30, 2026, twenty-two million dollars.

34 (k) For the fiscal year beginning July 1, 2026, and  
35 ending June 30, 2027, twenty-two million dollars.

1 (1) For the fiscal year beginning July 1, 2027, and  
2 ending June 30, 2028, twenty-two million dollars.

3 (m) For the fiscal year beginning July 1, 2028, and  
4 ending June 30, 2029, twenty-two million dollars.

5 (2) This paragraph "oh" is repealed on January 1,  
6 2030.

7 Sec. \_\_\_\_ . NEW SECTION. **8.57B Water quality**  
8 **infrastructure fund — creation — appropriations.**

9 1. A water quality infrastructure fund is created  
10 within the division of soil conservation and water  
11 quality of the department of agriculture and land  
12 stewardship. The fund shall consist of moneys  
13 appropriated from the rebuild Iowa infrastructure fund  
14 pursuant to section 8.57, subsection 5, paragraph "oh".

15 2. The fund shall be separate from the general fund  
16 of the state and the balance in the fund shall not be  
17 considered part of the balance of the general fund  
18 of the state. However, the fund shall be considered  
19 a special account for the purposes of section 8.53,  
20 relating to generally accepted accounting principles.

21 3. Moneys in the fund are appropriated to the  
22 division of soil conservation and water quality of  
23 the department of agriculture and land stewardship  
24 for the exclusive purpose of supporting water quality  
25 agriculture infrastructure programs created in section  
26 466B.43.

27 4. Notwithstanding section 8.33, moneys in the fund  
28 that remain unencumbered or unobligated at the close  
29 of a fiscal year shall not revert but shall remain  
30 available for expenditure for the purposes designated.  
31 Notwithstanding section 12C.7, subsection 2, interest  
32 or earnings on moneys in the fund shall be credited to  
33 the fund.

34 5. This section is repealed on January 1, 2030.>

35 2. Page 2, by striking lines 10 and 11 and

1 inserting:

2 <~~e.~~ b. Priority shall be given to projects in  
3 ~~which the meeting criteria established in section~~  
4 455B.199B in which the applicant seeks financial  
5 assistance is to be used to obtain with financing under  
6 the>

7 3. Page 4, after line 8 by inserting:

8 <Sec. \_\_\_\_. NEW SECTION. 16.134A Water quality  
9 financial assistance fund.

10 1. A water quality financial assistance fund is  
11 created in the state treasury as a revolving fund.

12 2. The fund shall consist of all of the following:

13 a. (1) Moneys transferred to the fund pursuant to  
14 section 423G.6.

15 (2) This paragraph "a" is repealed on January 1,  
16 2038.

17 b. Appropriations made to the fund and transfers  
18 of interest, earnings, and moneys from other funds as  
19 provided by law.

20 3. For each fiscal year in the fiscal period  
21 beginning July 1, 2017, and ending June 30, 2037,  
22 there is appropriated the following percentages of the  
23 balance of the fund for the following purposes:

24 a. Forty percent to the Iowa finance authority to  
25 support the wastewater and drinking water treatment  
26 financial assistance program created in section 16.134.

27 b. Forty-five percent to the Iowa finance authority  
28 to be credited to the water quality financing program  
29 fund created pursuant to section 16.145.

30 c. Fifteen percent to the division of soil  
31 conservation and water quality of the department of  
32 agriculture and land stewardship to support the water  
33 quality urban infrastructure program created in section  
34 466B.44.

35 4. Moneys in the fund are not subject to section

1 8.33. Notwithstanding section 12C.7, subsection 2,  
2 interest or earnings on moneys in the fund shall be  
3 credited to the fund.

4 Sec. \_\_\_\_ . NEW SECTION. 16.143 Definitions.

5 As used in this part, unless the context otherwise  
6 requires:

7 1. "*Cost*" means all costs, charges, expenses, or  
8 other indebtedness incurred by a loan recipient and  
9 determined by the committee as reasonable and necessary  
10 for carrying out all works and undertakings necessary  
11 or incidental to the accomplishment of any project.

12 2. "*Eligible entity*" means a municipality meeting  
13 the requirements in section 16.146 or a landowner,  
14 as determined by the committee, a public utility as  
15 defined in section 476.1, or a rural water district or  
16 rural water association as defined in section 357A.1.

17 3. "*Loan recipient*" means an eligible entity that  
18 has received a loan under the program.

19 4. "*Municipality*" means a governmental body such  
20 as a state agency or a political subdivision of the  
21 state. Municipality includes but is not limited to a  
22 city, city utility, county, soil and water conservation  
23 district, drainage district, sanitary district, a  
24 subdistrict of any of the foregoing districts, state  
25 agency, or other governmental body or corporation  
26 empowered to provide sewage collection and treatment  
27 services or drinking water, or any entity jointly  
28 exercising governmental powers pursuant to chapter  
29 28E or 28F, or any other combination of two or more  
30 governmental bodies or corporations acting jointly  
31 under the laws of this state in connection with a  
32 project.

33 5. "*Program*" means the water quality financing  
34 program created in this part.

35 6. "*Project*" means any combination of improvements,

1 structures, developments, tasks, actions,  
2 constructions, modifications, operations, or practices  
3 designed to improve water quality that are proposed  
4 by an eligible entity and approved by the committee.  
5 "Project" includes but is not limited to any of the  
6 following:

7 a. A project meeting the requirements of part 2 of  
8 this subchapter.

9 b. A project, operation, or practice undertaken  
10 or carried out to address watershed protection, flood  
11 prevention, or water quality improvement.

12 c. A project meeting the requirements of a sponsor  
13 project under section 455B.199.

14 Sec. \_\_\_\_ . NEW SECTION. 16.144 Water quality  
15 financing program.

16 1. The authority, in cooperation with the  
17 department of natural resources and the department of  
18 agriculture and land stewardship, shall establish and  
19 administer a water quality financing program. The  
20 purpose of the program shall be to provide financial  
21 assistance to enhance the quality of surface water  
22 and groundwater, particularly by providing financial  
23 assistance for projects designed to improve water  
24 quality by addressing point and nonpoint sources, with  
25 a higher prioritization provided to collaborative  
26 efforts.

27 2. The authority shall determine the interest rate  
28 and repayment terms for loans made under the program,  
29 in cooperation with the department of natural resources  
30 and the department of agriculture and land stewardship,  
31 and the authority shall enter into loan agreements with  
32 eligible entities in compliance with and subject to  
33 the terms and conditions of the program as described  
34 in this part.

35 3. The authority may charge loan recipients fees

1 and assess costs against such recipients necessary for  
2 the continued operation of the program. Such fees and  
3 costs shall not exceed the costs directly associated  
4 with the administration of the program. Fees and  
5 costs collected pursuant to this subsection shall be  
6 deposited in the appropriate fund or account created in  
7 section 16.145.

8 4. The program shall be administered by the  
9 authority in accordance with rules adopted by the  
10 authority pursuant to chapter 17A.

11 Sec. \_\_\_\_ . NEW SECTION. 16.145 **Water quality**  
12 **financing program fund — appropriation — other funds.**

13 1. *a.* A water quality financing program fund  
14 is created and shall consist of appropriations made  
15 to the fund, moneys credited to the fund pursuant to  
16 section 16.134A, and transfers of interest, earnings,  
17 and moneys from other funds as provided by law. The  
18 fund shall be administered by the authority as a  
19 revolving fund. Moneys in the fund are appropriated  
20 to the authority for purposes of the program.  
21 Notwithstanding section 8.33, moneys in the fund  
22 that remain unencumbered or unobligated at the close  
23 of a fiscal year shall not revert but shall remain  
24 available for expenditure for the purposes designated.  
25 Notwithstanding section 12C.7, subsection 2, interest  
26 or earnings on moneys in the fund shall be credited to  
27 the fund.

28 *b.* The authority shall use the moneys in the fund  
29 to provide financial assistance to eligible entities  
30 under the program. The authority may provide financial  
31 assistance in the form deemed most convenient for the  
32 efficient financing of projects, including loans,  
33 forgivable loans, or grants. The authority shall  
34 administer the fund and the program in such a manner as  
35 to provide a permanent source of water quality project

1 financial assistance to eligible entities.

2 *c.* The authority may annually use an amount of not  
3 more than one percent of the moneys in the fund for  
4 administrative purposes.

5 2. *a.* The authority may establish and maintain  
6 other funds and accounts determined to be necessary  
7 to carry out the purposes of the program and shall  
8 provide for the funding, administration, investment,  
9 restrictions, and disposition of the funds and  
10 accounts.

11 *b.* Moneys appropriated to and used by the authority  
12 for purposes of paying the costs and expenses  
13 associated with the administration of the program shall  
14 be administered as determined by the authority.

15 *c.* All moneys transferred to the authority shall be  
16 deposited and held in a fund or account established and  
17 maintained pursuant to this section for purposes of the  
18 program.

19 3. The funds or accounts held by the authority, or  
20 a trustee acting on behalf of the authority pursuant  
21 to a trust agreement related to the program, shall not  
22 be considered part of the general fund of the state,  
23 are not subject to appropriation for any other purpose  
24 by the general assembly, and in determining a general  
25 fund balance shall not be included in the general  
26 fund of the state, but shall remain in the funds  
27 and accounts maintained by the authority or trustee  
28 pursuant to a trust agreement. Funds and accounts held  
29 by the authority, or a trustee acting on behalf of the  
30 authority pursuant to a trust agreement related to the  
31 program, are separate dedicated funds and accounts  
32 under the administration and control of the authority  
33 and subject to section 16.31.

34 4. By October 1, 2018, and by October 1 of each  
35 year thereafter, the authority shall submit a report

1 to the governor and the general assembly itemizing  
2 expenditures from the fund during the previous fiscal  
3 year.

4 Sec. \_\_\_\_\_. NEW SECTION. 16.146 Eligible entities —  
5 agreements required.

6 1. An eligible entity may apply to the authority  
7 for financial assistance under the water quality  
8 financing program established in section 16.144  
9 by submitting a plan that meets the following  
10 requirements:

11 a. The plan includes one or more projects that  
12 improve water quality in the local area or watershed.  
13 Projects using practices identified to practices in  
14 the latest version of the document entitled "Iowa  
15 Nutrient Reduction Strategy" initially presented in  
16 November 2012 by the department of agriculture and land  
17 stewardship, the department of natural resources, and  
18 Iowa state university of science and technology. A  
19 drainage or levee district established under chapter  
20 468 shall utilize the installation of edge-of-field  
21 infrastructure as described in section 466B.43.

22 b. The plan describes in detail the manner in  
23 which the projects will be financed and undertaken,  
24 including, as applicable, the sources of revenue  
25 directed to financing the improvements as well as the  
26 municipalities or landowners that will be receiving the  
27 revenues and how such revenues will be spent on the  
28 projects.

29 2. The authority shall review and approve or  
30 deny applications for financial assistance. The  
31 provision of financial assistance under the program  
32 shall take into account, as applicable, the number of  
33 municipalities or landowners comprising an eligible  
34 entity and the eligible entity's financing capacity.  
35 The authority shall score applications for financial

1 assistance according to rules adopted pursuant to  
2 this part. The authority shall only provide financial  
3 assistance to eligible entities that have sufficient  
4 financing capacity and that submit an appropriate plan  
5 designed to improve water quality.

6 3. An approved eligible entity shall enter into  
7 an agreement with the authority for the provision of  
8 financial assistance. The agreement shall include  
9 standard terms for the receipt of program moneys  
10 and any other terms the authority deems necessary or  
11 convenient for the efficient administration of the  
12 program.>

13 4. Page 6, by striking lines 1 and 2 and inserting  
14 <to the water quality financial assistance fund created  
15 in section 16.134A:>

16 5. Page 6, after line 16 by inserting:

17 <Sec. \_\_\_\_ . NEW SECTION. **466B.43 Water quality**  
18 **agriculture infrastructure programs.**

19 1. As part of the water quality initiative  
20 established pursuant to section 466B.42, the  
21 division shall administer water quality agriculture  
22 infrastructure programs created in this section.

23 2. The purpose of the programs is to support  
24 projects for the installation of infrastructure,  
25 including conservation structures, practices, or other  
26 measures that reduce contributing nutrient loads,  
27 associated sediment, or contaminants from sources to  
28 surface waters. The programs shall be administered in  
29 a manner that is consistent with the latest version  
30 of the "Iowa Nutrient Reduction Strategy" initially  
31 presented in November 2012 by the department of  
32 agriculture and land stewardship, the department of  
33 natural resources, and Iowa state university of science  
34 and technology.

35 3. An edge-of-field infrastructure program is

1 created. The program shall support projects located  
2 on agricultural land, which may include demonstration  
3 projects, that capture or filter nutrients entering  
4 into a surface water. The program's projects shall be  
5 limited to infrastructure designed and installed for  
6 use over multiple years, including but not limited to  
7 wetlands, bioreactor systems, saturated buffers, or  
8 land use changes. The program shall be financed on a  
9 cost-share basis.

10 4. An in-field infrastructure program is  
11 created. The program shall support projects  
12 located on agricultural land, which may include  
13 demonstration projects, that decrease erosion and  
14 precipitation-induced surface runoff, increase  
15 water infiltration rates, and increase soil  
16 sustainability. The program's projects shall be  
17 limited to infrastructure designed and installed for  
18 use over multiple years, including but not limited to  
19 structures, terraces, and waterways located on cropland  
20 or pastureland, and including but not limited to soil  
21 conservation or erosion control structures or managed  
22 drainage systems. The program shall be financed on a  
23 cost-share basis.

24 5. Any state moneys used to finance a project  
25 under a water quality agriculture infrastructure  
26 program shall be administered according to an agreement  
27 entered into by the division and the owner of the land  
28 where the infrastructure is to be installed. The  
29 agreement shall include standard terms and conditions  
30 for the receipt of program moneys and any other  
31 terms and conditions the division deems necessary or  
32 convenient for the efficient administration of the  
33 project or program. The division may support multiple  
34 installations of infrastructure on a single parcel of  
35 land. The division may also combine programs if cost

1 effective. The division may annually use an amount  
2 of not more than four percent of the moneys used to  
3 support a program for administrative purposes.

4 6. By October 1, 2017, and each October 1,  
5 thereafter, the division shall submit a report to  
6 the governor and the general assembly itemizing  
7 expenditures under the program during the previous  
8 fiscal year.

9 7. Any information obtained by the division  
10 identifying a person holding a legal interest in  
11 agricultural land or specific agricultural land shall  
12 be a confidential record under section 22.7.

13 Sec. \_\_\_\_\_. NEW SECTION. 466B.44 Water quality urban  
14 infrastructure program.

15 1. As part of the water quality initiative  
16 established pursuant to section 466B.42, the division  
17 shall administer a water quality urban infrastructure  
18 program.

19 2. The purpose of the program is to support  
20 watershed projects and advance implementation of  
21 the latest version of the "Iowa Nutrient Reduction  
22 Strategy" initially presented in November 2012 by  
23 the department of agriculture and land stewardship,  
24 the department of natural resources, and Iowa state  
25 university of science and technology, which program  
26 support may include demonstration projects that  
27 decrease erosion, precipitation-induced surface  
28 runoff, and storm water discharges and increase water  
29 infiltration rates. The program's projects shall be  
30 based on Iowa's storm water management manual published  
31 by the department of natural resources.

32 3. The program shall be financed on a cost-share  
33 basis or through cooperative agreements with watershed  
34 projects funded through section 455B.199 whose project  
35 activities fall outside the territorial boundaries of

1 a city.

2 4. Any state moneys used to finance a project under  
3 a water quality urban infrastructure program shall be  
4 administered according to an agreement entered into  
5 by the division and the owner of the land where the  
6 infrastructure is to be installed. The agreement shall  
7 include standard terms and conditions for the receipt  
8 of program moneys and any other terms and conditions  
9 the division deems necessary or convenient for the  
10 efficient administration of the project or program.  
11 The division may support multiple installations  
12 of infrastructure on a single parcel of land. The  
13 division may annually use an amount of not more than  
14 four percent of the moneys used to support a program  
15 for administrative purposes.

16 5. Notwithstanding any other provision in this  
17 section to the contrary, beginning on July 1, 2018, the  
18 division may use any amount available to support the  
19 water quality urban infrastructure program to instead  
20 support the three-year data collection of in-field  
21 practices project as enacted in 2015 Iowa Acts, ch.  
22 132, §18.

23 6. By October 1, 2018, and by October 1 of each  
24 year thereafter, the division shall submit a report  
25 to the governor and the general assembly itemizing  
26 expenditures under the program during the previous  
27 fiscal year.

28 7. Any information obtained by the division  
29 identifying a person holding a legal interest in land  
30 or specific land shall be a confidential record under  
31 section 22.7.>

32 6. Page 6, by striking lines 17 and 18 and  
33 inserting:

34 <Sec. \_\_\_\_ . EFFECTIVE DATE. The following  
35 provisions of this Act take effect July 1, 2017:

- 1 1. The section of this Act amending section 16.134.
- 2 2. The section of this Act enacting section
- 3 16.134A.
- 4 3. The sections of this Act enacting sections
- 5 16.143, 16.144, 16.145, and 16.146.
- 6 4. The section of this Act amending section 423.3.
- 7 5. The sections of this Act enacting chapter 423G.
- 8 6. The section of this Act enacting section
- 9 466B.44.>
- 10 7. Title page, line 2, after <program,> by
- 11 inserting <providing for appropriations from the
- 12 rebuild Iowa infrastructure fund, creating a water
- 13 quality infrastructure fund, establishing a water
- 14 quality financing program, providing for cost-share
- 15 programs for infrastructure on agricultural and urban
- 16 land under the water quality initiative,>
- 17 8. By renumbering as necessary.

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COMMITTEE ON APPROPRIATIONS  
GRASSLEY of Butler, Chairperson